

## Projected Revenue Gains or (Losses) of LB 775 and LB 829 as amended for Tax Years 1987-2012 Projects by Fiscal Years\*\*

The estimates are based on a sample of 100 agreements signed and actual results of 231 companies from 1987 through 1997. Employment and investment flows are projected at rates indicated by the corresponding companies' applications. The analysis time frame considers future agreements signed through the year 2012 with a 95 percent success rate.

All other pertinent information as provided in the applications, such as salary levels and investment composition (not all property is treated equally in regard to tax preferences), is taken into consideration.

The classification of jobs into new economic jobs or existing jobs (jobs that would have been created regardless of the existence of the Employment and Investment Growth Act) is based on the company provided description of the project. The model estimates that 30 percent of the jobs created are true new economic jobs.

Credit used estimate is based on the assumption of maximized use for each year either against corporate income tax, individual income tax, or sales and use tax. The simulation model estimates a 38.9 percent application rate of credits used against sales and use tax paid. But the actual history reveals a greater usage rate and therefore, in the following table (the liability analysis of the simulation model is converted into a fiscal year cash flow model), the application of credits against sales and use tax was increased to a usage factor of 42 percent. The estimated profitability (income tax liability available for credit set-off) is based on the historical profitability of the respective companies.

The following is an estimate of new projects for the years 1997 through 2012.

Year	# of Agreements Signed	AVERAGE PER PROJECT*		
		\$ Million of Investment	Number of Employees	Salary Level
1998	30	66.4	355	25,151
1999	29	57.8	204	23,072
2000	28	29.9	142	26,424
2001	25	53.9	126	24,240
2002	25	68.2	291	27,762
2003	20	28.1	299	25,468
2004	18	27.3	235	29,167
2005	17	50.9	204	26,757
2006	30	53.9	142	30,644
2007	20	49.5	126	28,111
2008	25	58.5	127	32,195
2009	40	50.1	291	29,535
2010	32	43.3	235	33,000
2011	28	37.2	135	33,825
2012	22	26.5	105	34,671

\*The investment and employment levels represent the entire investment and employment associated with the project through the entitlement period (employment levels represent the employees qualifying for credits). For the years 1997 through 2012 one (20,0) project every other year is assumed.

\*\* A detailed description of the model is available upon request.

(Methodology and Assumptions for LB 775 Benefit and Cost Estimate; Nebraska Department of Revenue, Finance and Research Division, August 1996.)

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775 AND LB 829 AS AMENDED  
FOR TAX YEARS 1987-2012 BY FISCAL YEAR**

		97/98	98/99	99/00	00/01	01/02	02/03
SUMMARY	Expansion: Sales and Use	50,268,087	54,771,365	59,219,487	63,210,488	67,182,470	70,708,874
	Corporate	5,186,186	5,605,040	6,094,666	6,567,316	7,002,058	7,423,095
	Individual	22,181,709	24,150,562	26,125,661	27,911,122	29,673,811	31,252,788
	Sales and Use Tax Refunds TPP	34,121,722	33,718,294	34,379,910	34,607,139	34,259,909	33,858,387
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	75,882,069	79,927,412	83,305,998	85,879,821	87,622,108	88,678,019
	Corp. or Individ. & Wage Benefit Credit	44,011,600	46,357,899	48,317,479	49,810,296	50,820,823	51,433,251
	Sales and Use	31,870,469	33,569,513	34,988,519	36,069,525	36,801,285	37,244,768
	Gain or (Loss)	(32,367,809)	(29,118,739)	(26,246,094)	(22,798,034)	(18,023,678)	(13,151,649)
	Cumulative	(343,916,889)	(373,035,628)	(399,281,722)	(422,079,756)	(440,103,434)	(453,255,083)
	Sales Tax Refunds (TPP+Credits Used)	65,992,191	67,287,807	69,368,430	70,676,664	71,061,194	71,103,155
		03/04	04/05	05/06	06/07	07/08	08/09
SUMMARY	Expansion: Sales and Use	74,052,385	76,854,558	79,250,601	82,035,579	71,467,488	75,022,944
	Corporate	7,802,699	8,152,584	8,447,117	8,719,035	8,658,693	7,891,213
	Individual	32,742,034	34,002,857	35,079,087	36,301,846	32,050,473	33,165,663
	Sales and Use Tax Refunds TPP	32,834,307	31,043,906	28,966,492	27,630,379	27,433,371	27,758,693
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	88,059,058	86,487,169	84,590,351	82,110,874	79,933,536	78,530,384
	Corp. or Individ. & Wage Benefit Credit	51,074,254	50,162,558	49,062,404	47,624,307	46,361,451	45,547,623
	Sales and Use	36,984,804	36,324,611	35,527,947	34,486,567	33,572,085	32,982,761
	Gain or (Loss)	(6,296,247)	1,478,924	9,219,962	17,315,207	4,809,747	9,790,743
	Cumulative	(459,551,330)	(458,072,406)	(448,852,444)	(431,537,237)	(426,727,490)	(416,936,747)
	Sales Tax Refunds (TPP+Credits Used)	69,819,111	67,368,517	64,494,439	62,116,946	61,005,457	60,741,454
		09/10	10/11	11/12	12/13	13/14	14/15
SUMMARY	Expansion: Sales and Use	73,602,058	70,674,972	73,026,287	72,171,027	70,759,483	68,169,243
	Corporate	8,143,292	7,947,263	7,771,950	7,940,958	7,832,515	7,646,435
	Individual	32,698,140	31,448,894	32,319,295	32,044,794	31,436,799	30,326,271
	Sales and Use Tax Refunds TPP	28,896,083	31,230,812	33,195,538	33,367,608	31,228,950	26,524,621
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	78,349,805	79,533,568	81,026,214	82,023,719	81,426,559	78,034,564
	Corp. or Individ. & Wage Benefit Credit	45,442,887	46,129,469	46,995,204	47,573,757	47,227,404	45,260,047
	Sales and Use	32,906,918	33,404,099	34,031,010	34,449,962	34,199,155	32,774,517
	Gain or (Loss)	7,197,602	(693,251)	(1,104,220)	(3,234,548)	(2,626,712)	1,582,764
	Cumulative	(409,739,145)	(410,432,396)	(411,536,616)	(414,771,164)	(417,397,876)	(415,815,112)
	Sales Tax Refunds (TPP+Credits Used)	61,803,001	64,634,911	67,226,548	67,817,570	65,428,104	59,299,137

NOTE: Rounding differences may cause slight variations.